

**PUBLIC DISCLOSURE**

January 17, 2001

**COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**PITTSFIELD CO-OPERATIVE BANK**

**70 SOUTH STREET  
PITTSFIELD , MA 01202**

**DIVISION OF BANKS  
ONE SOUTH STATION  
BOSTON, MA 02110**

<p><b>NOTE:</b> This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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## **GENERAL INFORMATION**

The Community Reinvestment Act (CRA) requires the Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of PITTSFIELD CO-OPERATIVE BANK prepared by the Massachusetts Division of Banks, the institution's supervisory agency, as of January 17, 2001.

### **INSTITUTION'S CRA RATING: This institution is rated “High Satisfactory”**

Pittsfield Co-operative Bank's CRA rating is based on five performance criteria which are evaluated within the bank's "performance context". The "high satisfactory" rating is based on; (1) an average net loan to deposit ratio of 76.8%; (2) a substantial majority of loans granted within its assessment area; (3) a more than reasonable lending distribution among borrowers of different income levels and particularly businesses of different sizes; (4) a reasonable distribution of residential loans throughout the census tracts comprising the assessment area and, finally, (5) regular implementation of fair lending policies and procedures. No discriminatory lending practices were noted. The bank received no CRA complaints.

Pittsfield Co-operative Bank's qualified investments, community development loans and services were also reviewed and found to demonstrate a good responsiveness to the credit and community development needs of its assessment area.

## **PERFORMANCE CONTEXT**

### **Description of Institution**

Pittsfield Co-operative Bank is a community based financial institution incorporated as a Massachusetts co-operative bank in 1889. The bank's main office is located in Downtown Pittsfield. The bank operates three full-service branch offices located in Dalton, Great Barrington, and Dalton Avenue, Pittsfield. All branch offices offer 24-Hour ATM service with network access. Additionally, the bank operates one free standing ATM situated in a local supermarket. Pittsfield Co-operative Bank is a member of the SUM network, an ATM surcharge-free alliance of financial institutions, which do not levy surcharges on customers of SUM member institutions.

As of September 30, 2000, Pittsfield Co-operative Bank had total assets of \$174.2 million with total loans representing \$109.5 million or 62.9% of total assets. The table below depicts the composition of the bank's loan portfolio based on the FDIC Call Report of Condition.

<b>Loan Portfolio as of September 30, 2000</b>		
Type of Loans	\$'s (000's)	% of Total Loans
Construction & Land Development	274	0.3%
Residential Real Estate		
a. 1-4 Family Mortgages	87,001	79.5%
b. Home Equity Lines/Loans	3,754	3.4%
Multifamily	1,857	1.7%
Commercial Loans		
a. Commercial Real Estate.	11,591	10.6%
b. Commercial Loans	2,681	2.4%
Consumer Loans		
a. Credit Cards	15	0.0%
b. Loans to Individuals	2,337	2.1%
Other Loans		
Total	109,510	100.0%

Source: FDIC Call Report of Condition, 9/30/00

First mortgage loans secured by 1-4 family dwellings represent the majority (79.5%) of the bank's loan portfolio. The second largest segment (13.0%) of the loan portfolio includes commercial real estate and commercial and industrial loans (C&I loans). Home equity/second mortgages, multifamily loans (5 units or more) and installment loans comprise the next largest portion (7.2%) of the loan portfolio. Lastly, construction loans make up the remaining portion (0.3%) of total loans.

Pittsfield Co-operative Bank is primarily a portfolio mortgage lender with diversification in the commercial loan and consumer lending areas. Pittsfield Co-operative Bank is a member of the Federal Home Loan Bank of Boston. The institution is also a certified Small Business Administration (SBA) lender. The bank's ability to meet community credit needs remains strong based on its resources, size and product offerings.

The bank has direct competition from several local financial institutions, as well as numerous mortgage companies. In 1999, the top five competitors for mortgage lending within the bank's assessment area were: (1) Greylock Federal Credit Union (17.7% market share); (2) City Savings Bank (13.6% market share); (3) Lee Bank (11.6% market share); (4) Berkshire Bank (9.7% market share); and (5) Pittsfield Co-operative Bank (7.7% market share). These lenders combined held a 60.3% market share of all mortgage loan originations reported under the Home Mortgage Disclosure Act (HMDA) requirements. There were a total of 204 HMDA reporting mortgage lenders active within the assessment area in 1999.

The Division of Banks last conducted a CRA evaluation as of October 28, 1997. This evaluation resulted in a "High Satisfactory" rating. The FDIC also conducted a CRA evaluation as of August 3, 1998, which resulted in a "Satisfactory" rating.

### **Description of Assessment Area**

The Community Reinvestment Act (CRA) requires a financial institution to define an assessment area within which it will focus its lending efforts. The Division of Banks evaluates the institution's CRA performance based on the defined assessment area. Pittsfield Co-operative Bank's assessment area includes the following Berkshire County, Massachusetts municipalities: Pittsfield, Dalton, Cheshire, Lanesborough, Hinsdale, Richmond, Lenox, Lee and Stockbridge situated within the Pittsfield, MA Metropolitan Statistical Area (MSA); and the Non-Metropolitan (non-MSA) towns of Great Barrington, Becket, Otis and Washington, Hancock and New Ashford. The Pittsfield, MA MSA area median Family Household Income (FHI) was \$45,000 and \$47,500 for 1999 and 2000, respectively. The Massachusetts' Non-metropolitan Areas median FHI was \$46,400 and \$48,000 for 1999 and 2000, respectively.

Based on the 1990 U.S. Census, Berkshire County's total population was 139,352 residents. The bank's assessment area had a population of 90,935 residents. The largest population center is the City of Pittsfield with 48,622 residents. The second and third largest communities within the assessment area are Great Barrington and Dalton, which have 7,696 and 7,155 residents, respectively. The towns of Lenox and Lee are

next in population size with 5,069 and 5,849 citizens, respectively. These five communities comprise 74,391 individuals or 81.8% of the assessment area's population. Berkshire County is situated on Massachusetts' western border abutting the New York State border spanning from Vermont on the north to the Connecticut border on the south.

The City of Pittsfield and the surrounding towns of Dalton, Lenox, Lee, Richmond and Lanesborough comprise what is known as the "Central Berkshires". Pittsfield's economy has historically been based on its manufacturing sector. In recent years, the city's manufacturing base has seriously declined with the closing of the General Electric plant. This facility was Berkshire County's largest employer. Pittsfield continues, however to be the leading commercial center for the Berkshires. Major employers include the Berkshire Medical Center, Kay Bee Toys, Berkshire Life Insurance Company, GE Plastics (World Headquarters), and General Dynamics.

The assessment area contains 21 census tracts. The City of Pittsfield comprises 12 of these 21 census tracts. Pittsfield also contains the only 2 low-income and 2 moderate-income tracts. Of the remaining 8 tracts within the City, 6 are middle income geographies and 2 are upper income tracts. The towns of Dalton, Lanesborough, Cheshire, Lenox, Lee, Stockbridge and Great Barrington each comprise a middle income census tract. The towns of Hinsdale, Becket, Otis and Washington share a middle income census tract. Lastly, Richmond, Hancock and New Ashford collectively make up an upper income census tract.

The CRA regulation categorizes census tracts based on the median Family Household Income (FHI) within the tract. A low-income census tract has less than 50% of the MSA median Family Household Income (FHI). A moderate tract has a median FHI ranging from 50% to 79% of the MSA median. A middle income tract has a median FHI ranging from 80% to 119% and an upper income census tract has a median FHI of 120% or more of the MSA median income. (Family Income levels follow the same guidelines/categories.)

Table A outlines the census tracts comprising the assessment area by income levels. Population and family households residing within the tracts are detailed. (The tracts' income levels are based on the 1990 median Family Household Income (FHI) of \$39,040.)

Table A

ASSESSMENT AREA DEMOGRAPHICS							
Census Tracts Income Levels	Number of Census Tracts		Population		Family Households		Low & Moderate Income Families
	#	%	#	%	#	%	#
Low	2	9.5	3,796	4.2	779	3.2	609
Moderate	2	9.5	9,848	10.8	2,460	10.0	1,527
Middle	14	66.7	66,637	73.3	18,126	73.8	6,273
Upper	3	14.3	10,654	11.7	3,204	13.0	620
<b>Total</b>	<b>21</b>	<b>100.0</b>	<b>90,935</b>	<b>100.0</b>	<b>24,569</b>	<b>100.0</b>	<b>9,029</b>

Source: 1990 Census Data

The middle-income census tracts contain the majority of population and family households. The median family income for these geographies ranged from 90.2% to 117.7% of the area median family income. There were 6,273 low and moderate-income families residing here, representing 34.6% of the total families within these tracts. Additionally 726 families or 4.0% of all families within the middle income geographies are below the poverty level. In comparison, the two moderate-income census tracts had median family incomes of 68.3% and 69.1% of the area median income. There were 1,527 low and moderate-income families residing here, representing 62.1% of the total families within these tracts. A total of 461 or 18.7% of all families within the moderate-income geographies reside below the poverty level.

A total of 779 families reside within the low-income census tracts, of which 78.2% are low and moderate-income family households. There were 217 families or 27.3% of all families within the low-income tracts residing below the poverty level as compared to the state average of 6.7 %,

The following provides the assessment area's housing demographics by census tract income levels.

Table B

ASSESSMENT AREA HOUSING DATA*					
Census Tract Income Level	Total Occupied Housing Units		Owner- Occupied Units	Rental Units	Median Housing Value
	#	%	%	%	
Low	2,107	5.9%	11.0%	89.0%	\$ 90,516
Moderate	4,085	11.5%	33.3%	66.7%	\$ 82,147
Middle	25,363	71.3%	71.9%	28.1%	\$122,061
Upper	4,013	11.3%	89.0%	11.0%	\$142,309
<b>Total</b>	<b>35,568</b>	<b>100.0%</b>			

\* Source: 1990 Census Data

The distribution of occupied housing units corresponds to the general distribution of population among the income levels of census tracts. In the low and moderate-income

census tracts owner-occupants reside in 11.0% and 33.3% of total occupied housing units within those tracts. In comparison, owner occupants in the middle income geographies reside in 71.9% of all occupied units within these tracts. Lastly, it is notable that the distribution of owner occupied and renter occupied units within the low-income tracts and upper income tracts have the exact opposite relationship to each other.

The Warren Information Services compiles current home sale prices based on Berkshire County Registry of Deeds transactions. Table C provides median home prices for Year to Date November 1999 and November 2000 in the five most active communities/markets.

<b>MEDIAN HOME PRICES, 1999-2000</b>		<b>Table C</b>
<b>TOWN/CITY</b>	<b>YTD 1999*</b>	<b>YTD 2000*</b>
PITTSFIELD	\$91,300	\$90,000
DALTON	\$100,000	\$123,000
LEE	\$112,000	\$119,000
GREAT BARRINGTON	\$139,500	\$139,000
STOCKBRIDGE	\$209,500	\$232,500

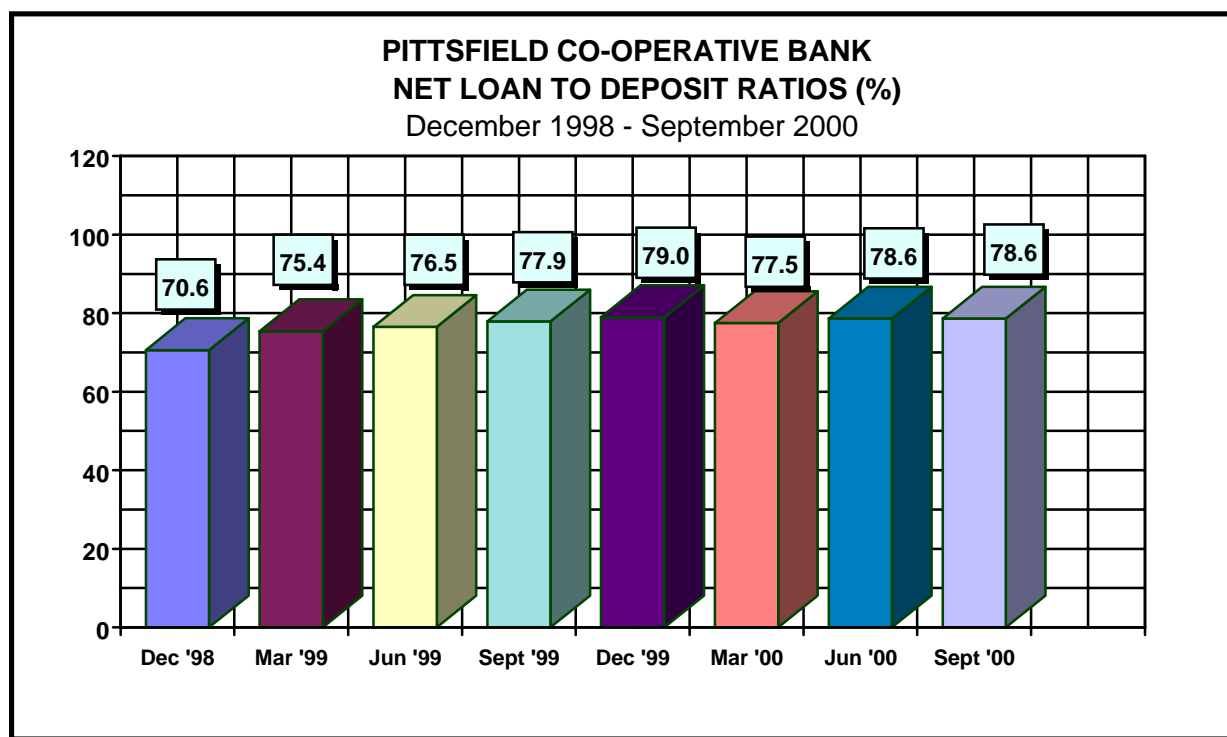
Source: Warren Information Services (Banker & Tradesman)

Home prices in Stockbridge are higher due to the level of second home ownership within the town. In contrast, second home ownership is at a minimal level within the City of Pittsfield. In addition, the Town of Great Barrington has experienced an increase in the number of second homebuyers and although the home prices for the two years shown are steady, home prices have risen within the town. The cost of housing for year-round residents is influenced by the second home market/buyer in communities such as Great Barrington, Lenox, Stockbridge, Hancock and Richmond. Tourism and second home ownership continue to be a significant and growing segment in Berkshire County's economy.

## **PERFORMANCE CRITERIA**

### **1. LOAN TO DEPOSIT ANALYSIS**

This criterion evaluates the level and trend of the bank's net loan to deposit ratio. The average net loan-to-deposit ratio for the period from December 31, 1998 to September 30, 2000 is 76.8 percent. Pittsfield Co-operative Bank's performance is considered reasonable given community credit needs and the institution's lending capacity. The ratio analysis is based on data reported on the FDIC Call Reports. The following graph depicts the loan to deposit ratio level and trend for the quarters reviewed.



The ratio of net loans to deposits increased sharply in 1999, and remained nearly level in 2000. During 1999, loan growth of 12.2 percent combined with deposit growth of 0.3 percent, provided the increase in the ratio of net loans to deposits. The overall positive trend indicates the bank's continued efforts to extend credit to its community.

In addition, Pittsfield Co-operative Bank's net loan to deposit ratio was also compared to five other institutions within its assessment area. The following table provides the loan-to-deposit ratio for the other institutions and Pittsfield Co-operative Bank as of June 30, 2000.

**COMPARATIVE LOAN TO DEPOSIT RATIOS**

**Table 1a**

INSTITUTION	NET LOAN TO DEPOSIT RATIO*
Berkshire Bank	98.4%
Greylock Federal Credit Union	100.2%
City Savings Bank	86.3%
Lee Bank	134.2%
The Pittsfield Co-operative Bank	78.6%
Lenox Savings Bank	103.1%

Source: FDIC Call Report data 6/30/00.

The above community financial institutions are listed by asset size. Berkshire Bank (the largest) had \$981.9 million in total assets and Lenox Savings Bank (the smallest) had \$118.5 million in total assets.

In conclusion, the average net loan to deposit ratio of 76.8 percent is reasonable and meets standards for a satisfactory rating given the bank's capacity to lend, its growth in lending activity and the credit needs of the assessment area.



## 2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S)

The second performance criterion is evaluates the bank's record of lending within its assessment area. Pittsfield Co-operative Bank's lending activity within the assessment area represents a substantial majority and consequently, exceeds the standards for satisfactory performance. Both the bank's mortgage and small business loan activity were analyzed to determine the bank's performance for this criterion.

### Residential Loans

The bank reports all residential loans granted on its Home Mortgage Disclosure Act-Loan Application Register (HMDA-LAR). HMDA reported loans include all home purchase mortgages, refinances of home purchases and home improvement loans. HMDA reportable residential loan data for all of 1999 and year-to-date 2000 (December 22, 2000) were utilized for this lending criterion and the two subsequent criteria.

The bank granted a total of 439 mortgage loans totaling \$40.0 million in the 24-month period reviewed. Lending activity inside the assessment area represented 91.1% (by number) and 88.0% (by dollar) of the total mortgage loans granted.

The following table details the bank's residential lending inside and outside its assessment area.

Table 2-a

Residential Lending by Number and Dollar Volume*												
Location	1999				2000 YTD				Total			
	#	%	\$(000)	%	#	%	\$(000)	%	#	%	\$(000)	%
<b>Total Inside</b>	<b>269</b>	<b>91.5</b>	<b>24,464</b>	<b>87.8</b>	<b>131</b>	<b>90.3</b>	<b>10,778</b>	<b>88.7</b>	<b>400</b>	<b>91.1</b>	<b>35,242</b>	<b>88.0</b>
Outside	25	8.5	3,410	12.2	14	9.7	1,379	11.3	39	8.9	4,789	12.0
<b>Grand Total</b>	<b>294</b>	<b>100.0</b>	<b>27,874</b>	<b>100.0</b>	<b>145</b>	<b>100.0</b>	<b>12,157</b>	<b>100.0</b>	<b>439</b>	<b>100.0</b>	<b>40,031</b>	<b>100.0</b>

\*Source: HMDA-LAR for 1999 and year-to-date (YTD) December 22, 2000.

A total of 157 loans totaling \$13.1 million were granted within the City of Pittsfield and accounted for 53.4 percent (by number) and 46.9 percent (by dollar volume) of loans granted. Loans granted within the Town of Dalton (36 loans for \$3.5 million) placed second accounting for 12.2 percent and 12.7 percent, respectively of the total number and dollars granted. Pittsfield Co-operative Bank granted a substantial majority of its residential loans inside the assessment area.

### Small Business Loans

The CRA regulation defines a small business loan as "a loan with an original amount of \$1 million or less that is: secured by nonfarm nonresidential properties or; commercial and industrial loans to U.S. addressees." This definition is consistent with those found in the

FDIC Call Report instructions. In addition, a small business is further defined as a business having gross annual revenues of \$1 million or less.

Pittsfield Co-operative Bank granted a total of 178 loans totaling \$12.3 million that meet the definition of a small business loan. Of these, 149 loans totaling \$9.9 million were granted to businesses within the assessment area. Table 2b provides further detail on small business loans granted both inside and outside the bank's assessment area.

**Table 2-b\***

Small Business Lending by Number and Dollar Volume*												
Location	1999				2000				TOTAL			
	#	%	\$(000)	%	#	%	\$(000)	%	#	%	\$(000)	%
Total Inside	72	83.7	5,701	78.1	77	83.7	4,221	84.3	149	83.7	9,922	80.6
Outside	14	16.3	1,602	21.9	15	16.3	788	15.7	29	16.0	2,390	19.4
Grand Total	86	100.0	7,303	100.0	92	100.0	5,009	100.0	178	100.0	12,312	100.0

Source: Bank's Internal Commercial Loan Reports

Small business loans within the assessment area represented 83.7 percent and 80.6 percent respectively, of the total number and dollars of loans granted.

Based on the above information, both the residential and small business lending activity within the bank's assessment area exceed the standard for satisfactory performance.

### **3. DISTRIBUTION OF CREDIT AMONG BORROWERS OF DIFFERENT INCOME LEVELS AND TO BUSINESSES OF DIFFERENT SIZES**

The third performance criterion evaluates the extent to which the institution lends to borrowers of different income levels and businesses of different sizes within its assessment area. The bank's performance for this criterion was found to be more than reasonable and to exceed the standards for satisfactory performance. Residential mortgage and small business lending were evaluated for 1999 and 2000 to determine the institution's performance. The bank's residential lending is given the greater weight due to the greater volume of these loans granted and held in the bank's loan portfolio.

The CRA regulation categorizes borrower income levels as low, moderate, middle or upper income. Borrower incomes are compared to the median Family Household Income (FHI) for the MSA in which the property is located to determine the individual borrower income level. The Pittsfield, MA MSA median Family Household Income (FHI) is \$45,000 and \$47,500 for 1999 and 2000, respectively. A low-income family in the Pittsfield, MA MSA in 1999 earned \$22,500 or less, and a moderate-income family household earned no more than \$35,550, annually. Middle income families had incomes ranging just above \$36,000 to no greater than \$54,000, while upper income family households earned greater than \$54,000, annually.

Table 3a details the bank's residential loan distribution by number and dollar volume of loans granted by the borrowers' income levels.

Table 3-a

RESIDENTIAL LOANS ORIGINATED BY INCOME OF BORROWER												
% Area Median Income	1999				YTD 2000				Total			
	#	%	\$(000)	%	#	%	\$(000)	%	#	%	\$(000)	%
< 50%	18	6.7	997	4.1	4	3.1	254	2.4	22	5.5	1,251	3.5
50 – 79%	36	13.4	2,303	9.4	24	18.3	1,286	11.9	60	15.0	3,589	10.2
80 - 119%	68	25.3	5,641	23.1	33	25.2	1,936	18.0	101	25.3	7,577	21.5
120% >	144	53.5	15,113	61.7	58	44.2	6,595	61.1	202	50.4	21,708	61.6
Not Available	3	1.1	410	1.7	12	9.2	707	6.6	15	3.8	1,117	3.2
<b>Total</b>	269	100	24,464	100	131	100	10,778	100	400	100	35,242	100

Source HMDA-LAR, 1999 and Year-to date (YTD) December 22, 2000.

During the period reviewed, the bank granted a total of 400 mortgage loans totaling \$35.2 millions. Of these loans, 22 totaling \$1.3 million were granted to low-income borrowers representing 5.5% by number and 3.5% by dollars of the total mortgage loans granted. The institution granted 60 loans totaling \$3.6 million to moderate-income borrowers representing 15.0% and 10.2% respectively of the total mortgage loans granted. The bank granted 101 mortgage loans totaling \$7.6 million to middle-income borrowers. This represents 25.3% by number and 21.5% by dollars of the total mortgage loans originated. Lastly, the bank granted 202 loans totaling \$21.7 million, and representing 50.4% and 61.6% of total loans respectively to upper-income borrowers. There were 15 mortgages granted in the amount of \$1.1 million to borrowers whose income was not reported or not available, representing 3.8% by number and 3.2% by dollars of loans granted.

Table 3-b below compares the institution's distribution of mortgage originations by borrower income levels to the aggregate HMDA loan originations and to the distribution of family households by income levels within the assessment area. Comparison with the 1999 aggregate lenders' data indicates the level of lending opportunities, which exists among borrowers of different income categories, while comparison with the assessment area's family demographics indicates the overall reasonableness of the lending patterns.

Table 3-b

LENDING BY BORROWER INCOME COMPARED TO THE AGGREGATE										
BORROWER INCOME LEVEL	FAMILY HOUSEHOLD BY INCOME LEVELS		PITTSFIELD-CO- OPERATIVE BANK 1999				* 1999 AGGREGATE DATA			
			NUMBER OF LOANS		DOLLAR AMOUNT		NUMBER OF LOANS		DOLLAR AMOUNT	
	#	%	#	%`	\$(000)	%	#	%	\$(000)	%
LOW	4,435	18.1	18	6.7	997	4.0	163	5.3	7,514	2.5
MODERATE	4,594	18.7	36	13.4	2,303	9.4	440	14.3	26,680	8.9
MIDDLE	5,874	23.9	68	25.3	5,641	23.1	831	27.0	60,599	20.3
UPPER	9,666	39.3	144	53.5	15,113	61.8	1,401	45.4	177,021	59.1
NA (Not Available)	0	0.0	3	1.1	410	1.7	246	8.0	27,365	9.2
<b>TOTAL</b>	<b>24,569</b>	<b>100.</b>	<b>269</b>	<b>100</b>	<b>24,464</b>	<b>100</b>	<b>3,081</b>	<b>100</b>	<b>299,179</b>	<b>100</b>

Source: \*\* 1990 Census Data; \*HMDA/LAR Data <sup>1</sup>©PCI Services, Inc. CRA WIZ

The bank's distribution of loans to low-income borrowers (by both number and dollars of loans) is above the aggregate lenders' performance. The distribution of loans to moderate-income borrowers is slightly below aggregate as to the number of loans granted; however, the dollar volume is slightly above the HMDA lenders' aggregate level, indicating a solid distribution of lending to this income group. The bank's distribution to middle income borrowers by the number of loans granted is below the aggregate performance, however it appears reasonable in light of the distribution of middle income households within the assessment area. In addition, the dollar volume of loans granted to middle-income borrowers is above the aggregate lenders' distribution. Pittsfield Co-operative Bank's distribution of mortgage loans to upper income borrowers is somewhat above, yet comparable to the aggregate lenders' distribution for this income group. Lastly, the bank's lending to borrowers whose income was not available/NA is below the aggregate lenders' level explaining in part the institution's greater distribution to upper income borrowers.

On the whole, the bank's distribution of residential loans by borrower income compares favorably to both the HMDA aggregate data and to the family household income distribution. The bank's solid lending distributions to low-income and moderate-income borrowers are crucial to its performance for this lending criterion.

### Small Business Loans

The bank's small business loan originations were analyzed by loan amount at the time of origination and by the gross annual revenues of the businesses to which the loans were granted. The following table (3c) details the small business loans by loan size (number and dollar volume).

**Table 3c**

<b>SMALL BUSINESS LOANS BY LOAN SIZE</b>												
Small Business Loan Size (000s)	1999				2000				Total			
	#	%	\$(000)	%	#	%	\$(000)	%	#	%	\$(000)	%
<=\$100	56	77.7	2,240	39.3	70	90.9	2,543	60.2	126	84.6	4,783	48.2
>\$100 - \$250	12	16.7	2,080	36.5	5	6.5	819	19.4	17	11.4	2,899	29.2
>\$250	4	5.6	1,381	24.2	2	2.6	859	20.4	6	4.0	2,240	22.6
<b>Total</b>	<b>72</b>	<b>100</b>	<b>5,701</b>	<b>100</b>	<b>77</b>	<b>100</b>	<b>4,221</b>	<b>100</b>	<b>149</b>	<b>100</b>	<b>9,922</b>	<b>100</b>

**Table 3-c:** Source: Bank's Internal Commercial Loan Reports

Of the 149 loans granted, 126 loans or 84.6% had original loan amounts of \$100M or less, 17 loans or 11.4% had original loan amounts of greater than \$100M but less than \$250 thousand and 6 loans or 4.0% had original loan amounts of greater than \$250M but less than or equal to \$1 million. This distribution with a preponderance of loans \$100 thousand or under in size reflects favorably on the bank's loan distribution for small business loan activity.

The distribution by dollar amounts within each loan size category shows a more even distribution than that based on the number of loans. The loans made in <=\$100,000 category totaled \$4.8 million and represented 48.2% of the total \$9.9 million granted. The average size of the loans granted in the category was \$38,000. Loans made in the greater than \$100,000 to \$250,000 category totaled \$2.9 million and represented 29.2% of the total loans granted. The average loan size granted in this category was \$171,000. Lastly, loans granted in the greater than \$250,000 category totaled \$2.2 million and represented 22.6% of the dollar volume granted. The average loan size in this category was \$373,000.

Table 3-d below provides an analysis of the bank's lending to businesses of different sizes based on the gross annual revenues of the business entities.

**Table 3-d**

<b>SMALL BUSINESS LOANS BY BUSINESS REVENUE</b>												
Business Revenues	1999				2000				Total			
	#	%	\$(000)	%	#	%	\$(000)	%	#	%	\$(000)	%
<=\$1,000,000	69	95.8	5,039	88.4	75	97.4	3,921	92.9	144	96.6	8,960	90.3
>\$1,000,000	3	4.2	662	11.6	2	2.6	300	7.1	5	3.4	962	9.7
<b>Total</b>	<b>72</b>	<b>100</b>	<b>5,701</b>	<b>100</b>	<b>77</b>	<b>100</b>	<b>4,221</b>	<b>100</b>	<b>149</b>	<b>100</b>	<b>9,922</b>	<b>100</b>

Source: Bank's Internal Commercial Loan Reports.

As the above table demonstrates, Pittsfield Co-operative Bank granted the overwhelming majority of small business loans to businesses with gross annual revenues less than \$1 million. For the period reviewed, these small businesses received 96.6% and 90.3% respectively, by number and dollar of loans granted. The bank's small business lending distribution to businesses of different sizes is considered to exceed the standards for satisfactory performance.

In summary, Pittsfield Co-operative Bank residential lending demonstrates a continued solid distribution of loans among low-income and moderate-income borrowers. The borrower income distribution, taken as a whole compares favorably to both the assessment area's family household demographics and to the aggregate HMDA lenders' performance. Additionally, the bank's small business lending activity reflects a strong lending distribution to small business based on both the size of loans granted and the gross revenues of the businesses to which loans were extended. Pittsfield Co-operative Bank exceeds the standards for a satisfactory performance for this lending criterion.

#### 4. GEOGRAPHIC DISTRIBUTION OF LOANS

The fourth performance criterion evaluates the institution's record of addressing the credit needs of the assessment area based on the geographic distribution of loans. The bank's performance for this criterion was found to be reasonable and to meet standards for satisfactory performance.

The institution's HMDA reported lending activity was utilized to determine the geographic distribution of loans. Census tracts are defined as either low, moderate, middle, or upper income. Census tract income levels are based on 1990 U.S. census data.

Table 4a provides the bank's distribution of residential loans among the census tracts comprising the assessment area.

**Table 4-a**

<b>RESIDENTIAL LOANS ORIGINATED BY CENSUS TRACT*</b>												
Census Tract Income Level	1999				YTD 2000				Total			
	#	%	\$(000)	%	#	%	\$(000)	%	#	%	\$(000)	%
<50%	2	0.7	87	0.4	1	0.8	45	0.4	3	0.8	132	0.4
50 –79%	12	4.5	989	4.0	18	13.7	928	8.6	30	7.5	1,917	5.4
80-119%	196	72.9	16,887	69.0	83	63.4	6,504	60.4	279	69.7	23,391	66.4
120%>	59	21.9	6,501	26.6	29	22.1	3,301	30.6	88	22.0	9,802	27.8
Not Available	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total</b>	269	100	24,464	100	131	100	10,778	100	400	100	35,242	100

Source HMDA-LAR, 1999 and Year-to date (YTD) December 22, 2000.

The majority of residential loans (69.7% by number and 66.4% by dollars) were granted within the middle income census tracts. There are fourteen middle income tracts, which represent 66.7% of the total tracts in the assessment area. Residential loans granted in the upper income tracts represent the second largest portion (22.0% by number and 27.8% by dollar volume) of the above distribution. There are three upper income census tracts, which represent 14.3% of the total tracts in the assessment area. Loans granted within the moderate-income census tracts represent the third largest portion (7.5% by number of loans and 5.4% by dollar volume) of the total mortgage originated. The smallest proportion (0.8% by number and 0.4% by dollars) of the bank's residential

lending is within the low-income geographies. There are two low-income and two moderate-income tracts, which represent 9.5% each of the total assessment area's census tracts.

Pittsfield Co-operative Bank's geographic distribution of residential loans was compared to the aggregate distribution for all other HMDA lenders and to the distribution of 1-4 family owner occupied dwellings within the assessment area. Table 4-b provides this comparison.

**Table 4-b**

<b>COMPARISON OF BANK'S CENSUS TRACT DISTRIBUTION TO AGGREGATE DATA<sup>1</sup></b>										
CENSUS TRACT INCOME	1-4 FAMILY OWNER-OCCUPIED PROPERTIES*		PITTSFIELD CO-OPERATIVE BANK 1999**				**1999 AGGREGATE DATA			
			NUMBER OF LOANS		DOLLAR AMOUNT		NUMBER OF LOANS		DOLLAR AMOUNT	
	#	%	#	%`	\$(000)	%	#	%	\$(000)	%
LOW	232	1.0	2	0.7	87	0.4	65	2.1	4,176	1.4
MODERATE	1,362	5.8	12	4.5	989	4.0	170	5.5	9,287	3.1
MIDDLE	18,248	77.9	196	72.9	16,887	69.0	2,436	79.1	240,883	80.5
UPPER	3,570	15.3	59	21.9	6,501	26.6	410	13.3	44,833	15.0
NA	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
TOTAL	23,412	100.0.	269	100.0	24,464	100.0	3,081	100.0	299,179	100.0

Source: \*1990 Census Data, \*HMDA/LAR Data <sup>1</sup>©PCI Services, Inc. CRA WIZ

Comparison with the aggregate HMDA lenders' data indicates the level of lending opportunities that exist within the respective census tracts. The bank granted two loans within the low-income tracts falling below the aggregate lenders' performance. However, the bank's lending within the moderate-income census tracts (4.5% by number and 4.0% by dollars) corresponds reasonably to the aggregate lenders' distribution of loans (5.5% by number and 3.1% by dollars) within the moderate-income tracts.

The bank's distribution of loans within the middle-income tracts (72.9% by number and 69.0% by dollars) corresponds reasonably, yet is somewhat below, the aggregate distribution of loans (79.1% by number and 80.5% by dollars) within the middle income tracts. The institution's distribution of mortgage loans within the upper income geographies (21.9% by number and 26.6% by dollars) is well above the aggregate HMDA lenders' distribution (13.3% and 15.0%, respectively).

The bank's reasonable geographic distribution for its residential lending activity rests on the uniform/corresponding lending patterns within the moderate-income and middle-income geographies. The Community Reinvestment Act (CRA) regulation assesses an institution's record of helping to meet the credit needs of its entire community, including low and moderate-income neighborhoods.

In conclusion, Pittsfield Co-operative Bank's performance is considered to be reasonable and to meet standards for a satisfactory rating based on the assessment area housing demographics and HMDA aggregate lenders' performance.

## **5. REVIEW OF COMPLAINTS AND FAIR LENDING POLICIES AND PRACTICES**

Pittsfield Co-operative Bank received no CRA related complaints during the period under review. The bank's loan policy incorporates the language of the Equal Credit Opportunity Act (ECOA)/Regulation B in prohibiting all illegal discrimination in conducting its lending activities. Furthermore, Pittsfield Co-operative Bank has adopted a "Fair Lending Policy Statement" that briefly outlines procedures regarding fair lending reviews, training, advertising, credit products and underwriting guidelines.

### **STAFF TRAINING AND COMPOSITION**

All bank staff attended a training seminar on either September 28<sup>th</sup> or 29<sup>th</sup>, 1998 covering fair lending issues, particularly on disparate or unequal treatment of protected classes of borrowers. An outside training consultant conducted this seminar. In addition, Pittsfield Co-operative Bank has provided all employees a "Compliance Review" document that outlines all pertinent consumer protection laws including the ECOA and the Fair Housing Act.

Pittsfield Co-operative Bank employs a total of 52 individuals of which 2 are part-time. There are 2 minority employees who are bilingual in Spanish. Staff responsible for loan originations are not compensated on a commission basis and are encouraged to make loans of all dollar amounts.

### **OUTREACH**

The purpose of outreach to community organizations and individuals is to afford the institution the opportunity to ascertain the credit needs of its entire assessment area. The bank through its officers has developed relationships with area organizations dealing with credit, housing or economic development issues. These organizations include the following: Chamber of Commerce of the Berkshires, The Berkshire Fund, Inc and Berkshire Housing Development Corporation, Massachusetts Rural Development Council, Habitat for Humanity, Homeowner Options for Massachusetts Elders (H.O.M.E.), Small Business Development Center and The Housatonic River Initiative, Community Development Corporation of South Berkshire, Downtown Pittsfield, Inc and Berkshire Enterprises.

### **CREDIT PRODUCTS AND UNDERWRITING STANDARDS**

The bank's senior management reviews its credit products and policies on an on-going basis combined with a formalized annual lending policy review. Pittsfield Co-operative Bank, as a portfolio lender, offers a fixed rate first mortgage product with maximum term of 20 years and an 80% Loan to Value (LTV) ratio. However, the bank's first time homebuyer program offers a fixed rate mortgage loan with a maximum term of 22 years and a 90%



LTV with a waiver of private mortgage insurance (PMI). The bank extends the maturity and the LTV and waives PMI to help make buying/financing a first home more affordable. In the fiscal year ending April 30,2000, the bank granted 28 first time homebuyer loans totaling \$2.4 million.

Pittsfield Co-operative Bank also offers several adjustable rate mortgage (ARM's) products including 1, 3 and 5-year adjustable and a 7/1fixed/adjustable mortgage. These loans offer a maximum term of 30 years and a maximum LTV of 80%. Again, the bank extends the Loan to Value requirements to 90% and waives private mortgage insurance (PMI) for the first time homebuyer. The bank's mortgage loan underwriting generally utilizes the qualifying ratios of 28%/36%, representing the ratio of housing expense and total indebtedness to the applicant's gross monthly income.

The bank is also a participant lender in the Good Samaritan Homeownership Program. This first time homebuyer program is offered through the Berkshire Fund, Inc, which provides the borrower with a 15% soft second mortgage. The bank underwrites an 80% first mortgage and the borrower contributes a 5% down payment. The bank granted 3 Good Samaritan loans totaling \$110,000 during the period reviewed. Additionally, the bank participates in the Homeowner Options for Massachusetts Elders (H.O.M.E.) reverse mortgage loan program. The bank granted one reverse mortgage during the two years reviewed.

The institution's commercial loan offerings include secured and unsecured lines of credit, short-term working capital loans, term loans (maturities up to 7 years), and commercial mortgages. Pittsfield Co-operative Bank is an approved/certified SBA (Small Business Administration) lender. The bank utilizes 3 SBA loan programs to assist small businesses. The bank grants SBA guaranteed loans under the 7(a), the "Low Doc", and the 504 Certified Development Company programs. The 7(a) program (SBA's primary loan program) offers working capital revolving lines of credit and short term loans to businesses meeting the SBA's size and credit requirements. The maximum loan amount under the Low Doc program is \$150,000. The 7(a) program has no maximum loan amount and a maximum SBA guaranty up to \$1,000,000. These loan programs make possible the credit extension by offering surety through the SBA guaranty. As of January 2001 there were 13 SBA loans outstanding for \$901,000. The majority of the bank's SBA loans are underwritten under the "Low Doc" program.

The institution participates in the Massachusetts Capital Access Loan Guarantee program. This program, administered by the Massachusetts Business Development Corporation, assist banks in making loans to small business owners that without the guarantee would not be extended. The borrower contributes 3.0 percent of the loan amount and Massachusetts Business Development Corporation matches these funds, creating a reserve or guaranty fund to offset any potential losses. Pittsfield Co-operative Bank has granted 12 loans under this program totaling \$347,000.

The bank offers a variety of consumer loan products including second mortgages and home equity lines of credit, new and used car loans with a maximum term of 5 years/20% down payment, unsecured personal loans with repayment terms of up to 3 years and overdraft lines of credit.

## **MARKETING**

The bank utilizes print media primarily to inform the public of its credit products and other banking services. The bank advertises regularly in local newspapers which include The Berkshire Eagle, published in Pittsfield and serving all of Berkshire County; The Pittsfield Gazette, a weekly publication; The Berkshire Record, a weekly newspaper circulated in Great Barrington; and The Berkshire Trade and Commerce, a monthly business publication serving all of Berkshire County.

The bank utilizes a limited schedule of radio advertising on stations WBRK, WBEC and WUPE broadcasting out of Pittsfield and station WSBS in Great Barrington. The bank utilizes both product and image advertising in its 60-second radio spots.

In 1999, Pittsfield Co-operative Bank participated in the Chamber of Commerce of the Berkshire's Spring Home Show. The bank also maintained a booth at the home show sponsored by the L. P. Adams Lumber Company in Dalton, distributing both equity loan and mortgage loan information. The bank sponsored two realtor events in the last year to inform area real estate agents of its mortgage product offerings. In addition, the bank faxes its mortgage rate sheets to area real estate firms on a weekly basis.

The bank's advertising program appears to reach all segments of the assessment area.

## **CREDIT EDUCATION AND COUNSELING**

Pittsfield Co-operative Bank does not offer in-house first time homebuyer training seminars. However, the bank's mortgage officers regularly conduct loan pre-qualification interviews with prospective homebuyers assisting them in understanding their loan qualifications. In addition, as a participant in the Berkshire Housing Development Corporation's Good Samaritan Homeownership Program, the bank's senior mortgage officer served as a presenter in the Winter 2000 homebuyer education seminar. (See also Educational Seminars and Services.)

Pittsfield Co-operative Bank regularly refers borrowers with credit problems to the Pittsfield office of Consumer Credit Counseling of Southern New England. The bank circulates an informational flyer on the services offered by this non-profit organization.

## **SECOND REVIEW PRACTICES AND INTERNAL CONTROL PROCEDURES**

It is the bank's policy to perform a second review of all denied mortgage loan applications before the denial notice is sent to the applicant(s). The bank's compliance officer serves as the second reviewer and fully documents this procedure.

The second review process serves as the bank's primary means of detecting any potential discriminatory practices and consequently the bank's primary internal control procedure for monitoring its own fair lending practices. In addition, an outside consulting firm conducts an analysis of the bank's HMDA reported lending activity. This analysis provided in-depth mapping and comparison to peer data.

## MINORITY APPLICATION FLOW

Pittsfield Co-operative Bank received a total of eight residential loan applications from minority applicants within the assessment area for the two years reviewed, representing 1.6% percent of all applications received from within the assessment area. The bank's 1999 and 2000 levels of minority applicants were 1.2% and 2.4% respectively, while the 1999 aggregate lenders' level of minority applicants was 3.0%. Although the institution's 2000 results are more closely comparable to the 1999 HMDA aggregate level of attracting minority borrowers, the bank's 1999 and overall level of attracting minority applicants fell below the aggregate lenders' level. (See the table below for further details.)

MINORITY APPLICATION FLOW*								
RACE	AGGREGATE 1999 DATA		BANK 1999		BANK 2000		TOTAL	
	#	%	#	%	#	%	#	%
<i>Native American</i>	12	0.3	1	0.3	2	1.2	3	0.6
<i>Asian</i>	24	0.5	1	0.3	0	0.0	1	0.2
<i>Black</i>	43	1.0	1	0.3	2	1.2	3	0.6
<i>Hispanic</i>	24	0.5	0	0.0	0	0.0	0	0.0
<i>Other</i>	31	0.7	1	0.3	0	0.0	1	0.2
<b>Total Minority</b>	<b>134</b>	<b>3.0</b>	<b>4</b>	<b>1.2</b>	<b>4</b>	<b>2.4</b>	<b>8</b>	<b>1.6</b>
<i>White</i>	3,400	75.5	314	98.5	166	97.6	480	98.2
<i>NA</i>	967	21.5	1	0.3	0	0.0	1	0.2
<b>Total</b>	<b>4,501</b>	<b>100.0</b>	<b>319</b>	<b>100.0</b>	<b>170</b>	<b>100.0</b>	<b>489</b>	<b>100.0</b>

\*Source: PCI Services, Inc., CRA Wiz Software.

The institution's minority application flow was compared to the assessment area's racial composition. As of the 1990 U.S. Census, the assessment area population was 90,935 residents of which 3,408 individuals or 3.8% were members of a racial minority. The assessment area's minority population is 0.2% Native American, 0.7% Asian, 1.9% Black, 0.8% Hispanic and 0.1% Other.

The above information indicates that the bank is attracting minority applicants at a rate that is slightly below that of the aggregate lenders as well as the racial composition of the assessment area.

## CONCLUSION

Pittsfield Co-operative Bank's record of implementing and developing fair lending policies and practices is considered satisfactory. This rating is based on frequent outreach to community organizations, the availability of credit products designed to meet the assessment area credit needs, regular marketing efforts reaching all segments of the assessment area, and efforts to review all denied mortgage loan applications to ensure fairness in the underwriting and loan application process.

## COMMUNITY DEVELOPMENT LOANS, QUALIFIED INVESTMENTS AND SERVICES

The bank's community development lending and qualified investments and services were also reviewed. Based on this review, Pittsfield Co-operative Bank's, community development loans qualified investments and services support a "High Satisfactory" rating and demonstrate a good responsiveness to community credit needs. The bank's community development and retail services help to expand credit availability within the assessment area.

In order for an investment or service to be considered "qualified", it must have as its primary purpose community development as it is defined in the Division's regulation 209 CMR 46.12. Community development is defined as affordable housing for low and moderate-income individuals, community service targeted to low and moderate income individuals, economic development and community stabilization/revitalization. In addition, community development services must relate to the provision of financial services.

The following are qualified community development loans and investments that Pittsfield Co-operative Bank has made during the examination period:

### **Community Development Loans**

Pittsfield Co-operative Bank is a participant lender in a \$2.3 million first mortgage loan to fund the renovation of the **Central Block Building, Pittsfield**. The bank's 10% share of this credit facility is \$234,000. Four other local banks comprise the lending consortium. This mortgage combined with municipal, state and federal funds in the form of grants and deferred payment loans, along with historical tax credits completed the project's financing sources. This project has served as a catalyst for other building renovations along the city's main commercial corridor, North Street.

Pittsfield Co-operative Bank, as a participant/lead bank with the Massachusetts Development Finance Agency, provided a \$1.1 million financing package to the **Eagleton School, Great Barrington**. This credit facility was originated on June 30, 2000 and consisted of two commercial mortgage loans secured by 13 parcels of real estate. The parcels comprise the majority of the school's campus and are located on Monterey and White Birch Road, Great Barrington. Eagleton School, Inc is a residential treatment school for boys and young men (ages 14-22 years) with emotional and/or behavioral problems and

learning disabilities. The funding allowed the school to refinance high cost loans incurred as emergency funding to repair severe damages caused by a tornado in 1997. In addition, the new funding provided construction funds for a new dormitory and computer system. The lower cost funding and the acquisition of the new dormitory and computer system will allow the school to improve and expand its operations and profitability. The lending participation stimulated economic development in the area through the creation and retention of jobs, serving a community development purpose. Eagleton School, Inc is the largest non-retail employer in Great Barrington. Great Barrington is located in an Economic Target Area (ETA).

### **Qualified Investments**

**Good Samaritan Homeownership Program Bonds -Series B, C and D:** This program is designed to assist low and moderate income families to purchase homes by offering second mortgage funding for up to 15% of the home purchase price. The bond proceeds are used to fund these second mortgages. Pittsfield Co-operative Bank holds bonds for the three bond series detailed above, totaling \$64,500. Furthermore, the bank has committed to purchase an additional \$30,000 in the new Series E bond issue, making the first installment of \$7,500 in January 2001.

The bank continues to maintain its \$20,000 investment in the **Pittsfield Central Development Company, LLC**, which was formed in 1997 to acquire the Central Block Building in Downtown Pittsfield. As a limited liability corporation, Pittsfield Central Development Company's mission is to engage in all aspects of the revitalization and renovation of Downtown Pittsfield. The Central Block, as a historic structure was targeted to serve as an initial effort in the revitalization of the city's commercial center. The renovated building was rededicated in September 2000. Downtown Pittsfield is a low-income census tract in which 775 families reside based on 1990 Census data.

**Charitable Grants or Donations** are considered "qualified Investments" if they have as their primary purpose community development as defined above. For 1999 and 2000, the bank made charitable contributions totaling \$55,729 to organizations whose purposes are considered primarily community development in nature. These non-profit organizations included Western Massachusetts Enterprise Fund, Habitat for Humanity, Lee Community Development Corporation, Consumer Credit Counseling Services of Southern New England, Community Development Corporation of South Berkshire, and Downtown Pittsfield, Inc. Furthermore, contributions to community organizations serving low/moderate income families/individuals included; Girls Inc of the Berkshires, Tapestry Health Systems, Literacy Volunteers of the Berkshires and other literacy organizations, Massachusetts Bankers' Charitable Foundation, Boys and Girls Club of Pittsfield, Berkshire County Community College Foundation and the United Way of the Berkshires.

### **Community Development Services**

The CRA regulation defines a community development service as a service whose primary purpose is community development and is related to the provision of financial services. Pittsfield Co-operative Bank's officers and employees lend their expertise to

community organizations that address community development needs. Detailed below are the bank's qualified community development services.

- **Community Development Corporation (CDC) of South Berkshire:** This organization's mission is to promote the economic wellbeing of South Berkshire County. The CDC recently acquired an option to the "Old New England Log Homes" property located in the center of Great Barrington. The CDC plans to clean up this former manufacturing site and rehabilitate/develop the property for light commercial purposes. A vice-president of the bank serves on the board of directors.
- **Downtown Pittsfield, Inc,** an organization dedicated to the economic health of the Pittsfield's downtown business district, supports all forms of economic development and revitalization efforts. Downtown Pittsfield, Inc in early 1999 played a leadership role in the efforts to reclaim the Central Block Building and to evaluate the district's viability. Downtown Pittsfield, Inc sponsors several annual events to bring people into downtown, creating awareness of the district's potential. The bank's President is a director of this organization.
- **Berkshire Housing Development Corporation (BHDC)** is a non-profit regional housing corporation serving all of Berkshire County. Its affiliate, Berkshire Housing Services manages over 1,500 affordable housing units and is countywide administrator for 500 units of federal and state rental assistance. Another affiliate, Berkshire Fund, Inc administers the Good Samaritan Homeownership program. BHDC also builds and renovates affordable housing units. Most recently, BHDC expanded its role into commercial redevelopment, serving as developer for the Central Block project. The bank's President serves as a director of the Berkshire Housing Development Corporation.
- **Chamber of Commerce of the Berkshires** continues to play a central role in the area's economic development. The Chamber of Commerce of the Berkshires is now a merged organization of both the Central and Northern Berkshires' Chambers of Commerce. This organization is a member of the Pittsfield Central Development Corporation, LLC which provided seed money for the acquisition and redevelopment of the Central Block Building. The bank's president has served for many years as director of the Chamber and was recently elected its treasurer.
- **Berkshire Council for Growth** is a newly formed organization whose mission is to foster a regional vision for planning and economic growth. The council began after local municipalities competed for the site of a plant expansion by a Canadian based, Husky Company, an extrusion mold manufacturer. The intense local competition served to scare off the company, which then relocated to Vermont. The council consists of a large contingency of people countywide involved with planning and economic development issues. Pittsfield Co-operative Bank's President was invited to join the Berkshire Council for Growth. He has attended two of its quarterly meetings.
- **Western Massachusetts Enterprise Fund (WMEF):** The vice president of commercial loans serves on the organization's Finance Committee. Committee

members provide a loan review service. In addition, the officer revised the organization's loan policy to help improve underwriting procedures. WMEF is a consortium of Community Development Corporations in Western Massachusetts. The organization's mission is to support development of entrepreneurial skills and to provide access to non-traditional/non-bank financing vehicles. The focus of the WMEF is to administer a micro-enterprise loan fund, which provides loans of \$20,000 or less.

- **Massachusetts Rural Development Council** is a statewide organization focusing on economic opportunity and quality of life issues in Massachusetts' rural communities. The United States Department of Agriculture (USDA) defines a rural community as having a population of less than 50,000 people. The council works with the USDA, HUD (Housing and Urban Development) and various state and federal agencies to accomplish its goals. The bank's vice president for commercial lending serves on this organization's board of directors.
- **United Way of the Berkshires:** A vice president serves on the board of this organization and its Allocations Committee. Committee members make on-site visitations and review agency budgets to ensure that funds are being utilized properly. United Way of the Berkshires supports agencies and programs either serving low and moderate-income individuals and families or subsidizing fee for service in programs not targeted directly to these income groups. Another of the bank's vice presidents is an active member of the fund raising committee, which in the past year has successfully met its goals to increase contributions.

### **Educational Seminars and Services**

Credit and other financial education services are considered a community development service. Bank officers and employees participate in seminars and services regularly. These seminars are detailed below.

- **"Savings Makes Sense" School Savings Program:** The Bank offers this program for the third grade classes at the Allendale Elementary School in Pittsfield and St Agnes School in Dalton. The bank's officers and staff serve as teachers/presenters in the program and each year all the third graders take a tour of the bank's main office. Pittsfield Co-operative Bank provides a five-dollar bonus to each student's savings account.
- **Berkshire Enterprises** is a non-profit organization offering entrepreneurial training and situated within the City of Pittsfield. The bank's senior commercial lender serves as a presenter on bank financing two or three times each year.
- **Homeowner Options For Massachusetts Elders** (H.O.M.E. Program) sponsored seminars for seniors titled "Successful Aging in Place" in Dalton and Great Barrington. The bank's vice president for residential loans served as a presenter on credit and financial matters effecting senior citizens. These seminars are part of a statewide "Elder Economic Literacy Project".

- **Good Samaritan Homeownership Program** regularly sponsors homebuyer education workshops. On February 8, 2000, the bank's senior mortgage lender presented topics on mortgage financing informative to the workshop participants.

### **Retail Banking Services**

In addition to its main office, Pittsfield Co-operative Bank operates three full service offices. The main office is located in a low-income census tract in downtown Pittsfield. The bank's new branch office on Dalton Avenue, Pittsfield is situated in a moderate-income geography. The other two branch offices are located in Dalton and Great Barrington in middle income census tracts.

The bank's retail services are readily accessible to individuals of different income levels. Each of the full service offices provides extended weekday and Saturday hours, 24 hour ATM service with network access, and handicap accessible facilities. All of the offices provide drive-up teller services.

The Dalton Avenue, Pittsfield office opened in November 1999 and represents a positive re-investment in an older moderate-income neighborhood. Three dilapidated 2-family dwellings were demolished to create the branch office site. In addition, the bank consulted with community groups in the planning of the branch office to ensure the facility would meet the needs of the neighborhood/bank customers and to minimize any unpleasant effects of the new commercialization. The new office offers a community room that is accessible after banking hours and can be utilized by community organizations.

The bank participates in **Basic Banking for Massachusetts**, a program, which encourages banks to provide low cost banking products to expand banking access for low and moderate-income people. Pittsfield Co-operative Bank offers a basic checking account with no minimum balance requirement and a \$3 monthly service fee. The account calls for an initial deposit of \$10. The bank's basic savings account calls for a minimum balance of \$10 to open the account with no monthly service charge. The basic savings is offered as a passbook or statement account. The statement savings can be linked to a checking account and accessed by telephone banking and/or in some cases an ATM.

Pittsfield Co-operative Bank offers a **savings account called "The Fresh Start"** for individuals who have very little income and are uncomfortable with a checking account due to the potential for overdrafts and NSF (not sufficient funds) checks. This account, developed in conjunction with two other local banks at the suggestion of local social service agencies, offers five free money orders each month for bill paying. A customer representative of the bank participates regularly in classes explaining the "The Fresh Start" program and account.



A **Children's Savings** passbook account is offered to all children, not just those participating in the "Savings Makes Sense" program. This passbook account requires no minimum to open the account and any deposit amount is accepted. Dividends are paid at a higher rate of interest than a regular savings account. The interest rate currently offered is 3.87%. There are 1,492 children's accounts opened with a total of \$1.1 million dollars on deposit.

The bank offers **24-hour Bank by Phone** service, which provides account access 24-hours per day, 7 days a week. Bank by Phone allows customers to obtain account information, transfer funds between checking and savings and to make loan payments (by a transfer between accounts). In addition, a customer may initiate an application for a mortgage or consumer loan through the telephone banking service.

Pittsfield Co-operative Bank is **a member of the SUM network** of financial institutions. The bank provides its customers with free ATM transactions at its ATMs or those belonging to other members of the SUM network.

EBT (Electronic Benefits Transfer) cards are honored at the bank's ATMs without charge.

**THE COMMONWEALTH OF MASSACHUSETTS**

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

**PITTSFIELD CO-OPERATIVE BANK**

for compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business **JANUARY 17, 2001** has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

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A majority of the Board of Directors/Trustees

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 20 \_\_\_\_\_

## PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that assessment area shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.